

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 EA-07 /075 W

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R 071708Z JUL 76

FM US MISSION EC BRUSSELS

TO SECSTATE WASHDC 1495

INTO RUFHGV/USDEL MTN GENEVA 6957

US MISSION GENEVA

LIMITED OFFICIAL UASE EC BRUSSELS 06694

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC BARLEY MALT EXPORT SUBSIDIES

REF: STATE 165988

1. SUMMARY: EC COMMISSION OFFICIALS HAVE NOTED REQUEST TO SUSPEND THE BARLEY MALT EXPORT SUBSIDIES UNTIL AFTER CONSULTATIONS. HOWEVER, IT WOULD BE DIFFICULT FOR THE COMMISSION TO ACCEDE TO THE REQUEST, ESPECIALLY BECAUSE OF ITS OPEN-ENDED NATURE, I.E., WITHOUT A DATE FOR CONSULTATIONS.

2. EC COMMISSION REGULATION NO. 1603/76 (OFFICIAL JOURNAL NO. L 177 OF JULY 2, 1976) FIXED THE FOLLOWING EXPORT SUBSIDIES ON BARLEY MALT EFFECTIVE JULY 3 (U.A./M.T.):

CXT 11.07 A II (A) 40.15

CXT 11.07 A II (B) 30.00

CXT 11.07 B 34.96

3. ON JULY 6, WE EXPRESSED TO OFFICIALS IN DIRECTIONS GENERAL I AND VI CONCERN OF THE USG OVER REESTABLISHMENT OF LIMITED OFFICIAL USE

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THE EXPORT SUBSIDIES, AND WE URGED NORTH AMERICAN DESK OFFICER

LOERKE TO SEEK SUSPENSION OF THESE DUTIES UNTIL THE U.S. AND E. C. COULD CONSULT. LOERKE SAID HE NOTED OUR REQUEST BUT WONDERED HOW THE COMMISSION COULD CONSIDER IT IN THE ABSENCE OF A SPECIFIC DATE FOR SUCH CONSULTATIONS. PENDING CLARIFICATION, HE SUGGESTED THAT WE MEET WITH COMMISSION OFFICIALS, WHO WOULD BE ABLE TO GIVE US THE JUSTIFICATION FOR RE-ESTABLISHMENT OF THE SUBSIDIES.

4. ACCORDINGLY, MISSION OFFICER MET ON JULY 3 WITH SIMONNET, RESPONSIBLE FOR AGRICULTURAL MATTERS IN DG I, LOENDURAND, DG VI GRAIN DIVISION CHIEF, AND OTHER OFFICIALS. SIMONNET CHAIRED THE MEETING. NOT SURPRISINGLY, SIMONNET WAS CHARY WITH DETAILS AND PREFERRED TO JUSTIFY THE EXPORT SUBSIDIES WITH A LECTURE ON THE MERITS OF THE COMMUNITY SYSTEM. THE ONLY ADDITIONAL USEFUL INFORMATION WE OBTAINED WERE THE PRICES THAT LEONDURAND HAD TAKEN INTO CONSIDERATION IN RECOMMENDING THE SUBSIDIES WHICH WERE APPROVED. BASED ON AVERAGE PRICES DURING THE 25 DAYS PRECEDING THE DATE ON WHICH THE SUBSIDIES WERE FIXED, HE NOTED THE FOLLOWING OFFER PRICES, PER METRIC TON FOB BASIS:

AUSTRALIA - \$235-240 CANADA - \$260
CZECHOSLOVAKIA - \$240-\$250 USA - NONE

THE AVERAGE DIFFERENCE DURING THIS 25-DAY PERIOD BETWEEN COMMUNITY PRICES AND WORLD MARKET PRICES FOR BARLEY MALT, BASED ON THE ABOVE OFFER PRICES, WAS 35 U.A./M.T. ACCORDING TO LEONDURAND.

5. LEONDURAND SAID THAT AS A PRECAUTIONARY MEASURE THE NEGATIVE CORRECTIVE AMOUNTS, WHICH WERE PUBLISHED IN EC COMMISSION REGULATION NO. 1602/76 (OFFICIAL JOURNAL NO. L 177 OF JULY 2, 1976) WERE FIXED TO OFFSET THE MONTHLY PREMIUMS (FOR STORAGE COSTS) BEGINNING IN DECEMBER. THE NET EFFECT WOULD THEREFORE BE TO MAINTAIN THE LEVEL OF THE EXPORT SUBSIDIES AND TO AVOID THE USUAL MONTHLY INCREASES IN THE SUBSIDIES BY THE AMOUNTS OF THE PREMIUMS. THE CORRECTIVE AMOUNTS ARE:

MONTH CXT 11.07 A II (A) CXT 11.07 A II (B) CXT 11.07 B

DEC. 1976 -11.64 -8.70 -10.14
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JAN. 1977	-14.17	-10.59	-12.34
FEB. 1977	-16.70	-12.48	-14.54
MAR. 1977	-19.23	-14.37	-16.74
APR. 1977	-21.76	-16.26	-18.94
MAY 1977	-24.29	-18.15	-21.14
JUNE 1977	-26.82	-20.04	-23.34

6. ALL OF THE COMMISSION OFFICIALS PRESENT AT THE MEETING

WERE ASTONISHED THAT THE AUSTRALIAN EMBASSY IN WASHINGTON HAD
KNOWN ABOUT THE EXPORT SUBSIDY IN ADVANCE. THEY SAID HAD IT
BEEN THE INTENTION OF THE COMMISSION TO INFORM THIRD COUNTRIES,
THEY WOULD HAVE DONE IT INDISCRIMINATELY, I.E. NOT EXCLUDING
THE UNITED STATES.HINTON

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Message Attributes

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Draft Date: 07 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
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Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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